Unit Pricing Discretions Policy

Dexus Core Infrastructure Fund

1. Purpose

The purpose of this policy is to describe the various discretions that relate to the pricing process for units **(Units**) in the Dexus Core Infrastructure Fund (**Fund** or **Scheme**) ARSN 127 019 234 including the methodology that applies to the pricing of Units for applications, and redemptions, also referred to as withdrawals, in the Fund.

The Constitution permits Dexus Capital Funds Management Limited (**DCFM**), the Responsible Entity (**RE**) of the Fund, to exercise discretions in relation to the Fund, including discretion relating to pricing for Units.

Terms used but not defined in this policy have the meaning given to them in the Constitution.

2. Who does this policy affect?

This policy affects:

- DCFM in its capacity as RE to the Fund
- Dexus employees, who administer valuations, applications, distributions and redemptions for the Fund.

3. What happens if this policy is breached?

Where a discretion has been exercised by DCFM that would not be considered reasonable, there has been a discretion exercised that departs from this policy or the relevant Valuation Policy and has not been recorded by the Fund Manager, there has been a Unit pricing error (see section 9 below) or other non-compliance with this policy, this may constitute a breach of this policy, the Fund's Compliance Plan, the Fund's Constitution or other requirements under the Corporations Act 2001 (**Corporations Act**).

Non-compliance with this policy must be raised in the Incident Register and assessed in accordance with the Incident Management & Breach Reporting Policy.

4. Key regulatory considerations

This policy is designed to meet the regulatory requirements of ASIC Instrument 2023/693, or, where the RE has not adopted the current regime for a Fund that was registered before 1 October 2013, ASIC Instrument 2015/847. As at the date of this policy, ASIC Instrument 2015/847 applies. The RE will publish on its website if and when ASIC Instrument 2023/693 becomes applicable. These ASIC Instruments allow the RE to decide a matter that affects the method or formula used to calculate the Unit price of the Fund (the discretion) when the conditions under the applicable instrument are met.

Other relevant regulatory considerations include:

- the Corporations Act section 601FC(1)(k) relating to payments out of scheme property being made in accordance with the Fund's Constitution
- clauses 5, 6, 7, 8 and 9 of the Constitution
- ASIC Regulatory Guide 134 *Funds management: Constitutions*
- ASIC Regulatory Guide 94 *Unit pricing: Guide to good practice*
- Compliance Plan section 3.19 *Unit Pricing*

5. Outsourcing

An external service provider (**ESP**) is appointed to perform services in relation to Unit pricing. The RE ensures the ESP has a risk and control framework in place to verify the validity of Unit prices produced by the Unit pricing process. The RE obtains appropriate supporting documentation to verify that the ESP has appropriate controls in place and said controls are operating effectively, usually in the form of an audited internal controls report.

5.1 Verification and release of Unit prices

The ESP calculates Unit prices, including application and withdrawal prices in accordance with the relevant agreement. Tolerance checks are undertaken against a defined threshold so that significant movements in the Scheme's Unit prices are investigated.

When an agreed tolerance amount is exceeded, or there is other doubt about the correctness of a Unit price, the ESP performs an analysis to verify why the tolerance breach(es) have occurred and provide an explanation for the Unit price movement.

The Finance team performs a reasonableness check on the month-on-month Unit price movement and discrepancies are investigated.

6. Pricing – Constitutional Requirements

The calculation of a Unit price is performed in accordance with the Fund's Constitution and Product Disclosure Statement (**Fund's Governing Documents**) and may also be based on industry practice (Financial Services Council standards and ASIC/APRA Regulatory Guide 94) together with this policy.

The calculation of a Unit price is performed in accordance with the Fund's Governing Documents and is generally the Net Asset Value (**NAV**) adjusted for Transaction Costs - an allowance for the total cost of buying/selling underlying assets - divided by the number of Units on issue.

Entry Price

New Units, with some exceptions, must be issued at an Entry Price as follows:

$$\text{Entry Price} = \frac{\text{Net Asset Value + Transaction Costs}}{\text{Number of Units on Issue}}$$

The components of the formula are to be determined as at the next Valuation Time after receipt of the application for units or the application money (or vesting of property, if applicable), whichever happens later.

Entry Price in the event of a reinvestment

$$\text{Entry Price} = \frac{\text{(Net Asset Value – Accrued Income) + Transaction Costs}}{\text{Number of Units on Issue}}$$

The components of the formula are to be determined as at the last Valuation Time in the period to which the distribution relates.

Withdrawal Price

Units may only be redeemed at a Withdrawal Price calculated as follows:

$$\text{Withdrawal Price} = \frac{\text{Net Asset Value - Transaction Costs}}{\text{Number of Units on Issue}}$$

The components of the formula are to be determined as at the last Valuation Time before the payment of the redemption request is processed[1].

Valuation Time is defined as the time when the RE calculates the NAV.

7. Discretions exercised by the RE

In certain instances, management may use discretion and judgement within the Unit pricing process to achieve fair and reasonable outcomes for unitholders. Instances where this may occur include:

- selecting valuation methodologies for assets and liabilities;
- determining a time at which assets and liabilities are valued;
- determining a time at which Unit prices are calculated;

[1] If the Scheme is not liquid for the purposes of the Corporations Act, the Withdrawal Price for a withdrawal offer would be calculated at the time when the withdrawal offer closes.

- estimating an allowance for transaction costs;
- determining entry, exit or switching fees;
- allocating assets, liabilities, revenue and expenses between classes of Units (where authorised under the constitution);
- rounding Unit prices; and
- suspension of Unit prices.

When discretions and judgements are applied in the Unit pricing process, they need to comply with the Fund's Governing Documents (e.g. maximum timeframes and amounts); relevant Valuation Policies and be well-founded and exercised by appropriate staff. Where relevant, this document sets out guiding principles that should be considered in exercising discretion.

7.1 Valuation

The RE has discretion to determine how the assets and liabilities are valued and must do so as and when required by the Corporations Act. Where the RE values an asset at other than its market value, or where there is no market value, the valuation methods and policies applied must result in a calculation of the Entry or Withdrawal Price that is independently verifiable.

Asset valuation principles, processes and methodologies, including frequency of valuations, are set out in the Asset Valuation Policy.

7.2 Net Asset Value NAV

The NAV for a given business day is generally determined by valuing all the assets of the Fund and subtracting the value of liabilities of the Fund. Accruals for assets and liabilities are provided for within the NAV when they have a known value or a value that can be reliably estimated.

Where a discretion is exercised that affects NAV, as far as practicable it must be exercised consistently with ordinary commercial practice and use inputs that are reasonably current at the time of issue or withdrawal of Units.

7.3 Frequency of Unit pricing

Unit prices and NAV are normally determined at least each business day, in accordance with the relevant Governing Documents of the Fund. The RE, acting in accordance with the Fund's Governing Documents and the best interests of unitholders, may set new Unit prices at other times, including more than once on a given day.

The release of a Unit price may be delayed if there is uncertainty as to the correctness of one of the components of the Unit price. When the delay is greater than 24 hours, refer to Section 7.7 on Suspension of Unit Pricing.

Cut-off Times

Applications and withdrawals will be processed in accordance with the Fund's Governing Documents.

The cut-off time for determining application and withdrawal prices in relation to the receipt of application and withdrawal requests is specified in the Fund's Product Disclosure Statement and Constitution as 1pm Sydney time on a Business Day.

The RE may determine an alternative time when considered appropriate to allow sufficient time for processing applications and withdrawal requests; however, ensuring an equitable process that treats all unitholders of the same class equally and unitholders of different classes fairly.

All applications/redemptions deemed effective for a particular day receive the Unit price effective for that day.

7.4 Transaction costs

The Fund incurs Transaction costs when dealing with the assets of the Fund. Transaction costs may include transactional brokerage, clearing costs, stamp duty, the buy and sell spreads of any underlying fund and the costs of (or Transaction costs associated with) derivatives.

The Fund Constitution provides that application and withdrawal prices may be adjusted by Transaction costs, an allowance for the costs of acquiring assets (in the case of issuing Units) and disposing assets (in the case of redeeming Units).

Transaction costs are shown net of any transaction costs recovered from investors via Buy/Sell Spreads.

The RE may set the Buy/Sell Spread to zero when the varying nature and cost of transactions for a particular underlying asset make it impractical to set a standard spread. In these instances, Transaction costs incurred are borne by the Fund in accordance with the Governing Documents and in line with standard market practice for the relevant asset classes.

Subject to the Corporations Act, the RE may, for any particular application or withdrawal, determine Transaction costs to be a lesser amount or nil. Examples of such circumstances include:

- reinvestment of distributions;
- an in-specie asset transfer (applications and redemptions); or
- a simultaneous purchase and redemption of units of equivalent value by different investors.

Buy/sell Spreads

Buy/Sell Spreads are pricing mechanisms applied to Entry and Withdrawal Prices to recover Transaction Costs from investors entering or leaving the Fund, rather than other investors. They are retained within the Fund and are not fees paid to the RE. No Buy Spread is applied to reinvested distributions.

7.5 Allocating assets, liabilities, revenue and expenses between classes of units

As the Fund has more than one class of units offered to unitholders, the allocation of the Fund assets, liabilities, revenue and expenses for each class is generally calculated based on the proportion of the NAV of the Scheme to which the class relates. Where a particular expense (e.g. management fees or performance fees) is exclusive to a particular class, the RE will determine the expense applicable to each class of units independently, pursuant to the Fund's Governing Documents.

7.6 Rounding Adjustments

The Fund Constitution provides that the Entry and Withdrawal Prices may be rounded as the RE determines, up to a maximum of 1% of the Price. Entry and Withdrawal Prices will be stated to 5 decimal places, with any excess becoming property of the Fund.

When a client instruction is received requesting a certain dollar (or other currency) value to be redeemed or transferred, the RE may determine to round the number of Units down to the nearest whole number Unit. When rounding has resulted in fractions of Units that are not allocated to unitholders, any excess will remain in the Fund.

7.7 Suspension of Unit Pricing

In accordance with the Fund's Constitution, the RE may suspend pricing if it reasonably considers it is in the best interest of unitholders to do so. This may occur if a major critical incident occurs and in circumstances such as if there is restricted or suspended trading in the market for an asset, the withdrawal period may be extended. Where Unit pricing is suspended, the RE will make reasonable efforts to communicate the suspension and its implications to affected investors.

Calculation of Unit prices and/or the processing of applications and redemptions will resume when the RE can determine appropriate values of assets, liabilities and unit prices that will produce an equitable outcome for all unitholders. When resumption of Unit pricing occurs, suspended transactions will receive the Unit price for the business day after the end of the suspension.

8. Exercise of discretions

Any discretion exercised by the RE in relation to pricing must be reasonable and, if it is not exercised strictly as set out in this policy, the exercise of discretion will require approval by the relevant Board and/or Committee and a record will be maintained.[2]

The record will document all of the following:

- who exercised the discretion
- the date on which the discretion was exercised
- how the discretion was exercised
- an explanation of why it was not practicable to exercise the discretion as set out in this policy; and
- why it was reasonable to exercise the discretion the way it was exercised.

[2] ASIC RG 134.116

9. Unit pricing errors

Any errors in pricing are dealt with in accordance with the Financial Services Council (**FSC**) Guidance Note No. 51 – *Errors in Pricing/Crediting Rates when Determining Scheme Interests – Correction and Compensation* (**FSC Guidance**) which has been prepared by reference to ASIC Regulatory Guide 94. Under the FSC guidance, the materiality threshold for errors in pricing of units is +/- 0.3% (30 basis points) of the Unit price. The RE may adopt a lower materiality threshold where appropriate, having regard to the nature of the Fund's assets and investor impact.

All errors should be reported to Compliance immediately. Some pricing errors, including errors outside the tolerance threshold, may be a breach of the Constitution that may be reportable to ASIC.

Please refer to the Incident Management & Breach Reporting Policy for more information about when and why breaches may be reportable to ASIC.

10. Review of this policy

This policy will be reviewed every 2 years, or as required.

11. Record keeping

The RE will retain this document for seven years after it ceases to be current. The RE will provide a copy of this document to the following persons on request at no charge:

- a member of the Fund
- a person who has been or should have been given, or who has obtained the PDS for an interest in the Fund

The RE will maintain records of discretions exercised, in accordance with section 8 of this policy.

12. Additional Information

If you have any questions arising from this policy, please contact:

Head of Compliance
Phone: 02 9017 1144
Email: compliance@dexus.com

Approving Authority

Version	Owner	Author	Approving Authority	Approved Date
1	Compliance	Senior Manager, Compliance/ KWM	Chief Executive, Funds Management	18 June 2024
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